

Message Text

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FM AMEMBASSY BANGKOK

TO AMEMBASSY MANILA

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AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY SINGAPORE

AMEMBASSY RANGOON UNN

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

AMEMBASSY MOSCOW

USLO PEKING

AMCNSUL HONG KONG

CINCPAC

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E.O: XGDS 3

TAGS: PFOR, CH

SUBJECT: THE YELLOW PERIL

CINCPAC FOR POLAD

REF: A. MANILA 6127; B. HONG KONG 6603

SUMMARY: WHILE SOME PEKING GO-POLITICAL STRATEGISTS
MAY HOPE TO FULFILL CHINA'S "MANIFEST DESTINY" IN
SOUTHEAST ASIA, WE SEE THE OPENING OF DIPLOMATIC
RELATIONS BETWEEN THE PRC AND MALAYSSIA MORE AS A LOGICAL
PROGRESSION IN CHINA'S WORLDWIDE ATTEMPT TO IMPORVE

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STATE TO STATE RELATIONS. WE BELIEVE THAT SERIOUS

LIABILITIES INHERENT IN CHINA'S POSITION IN THE WORLD
POWER STRUCTURE MAKE CHINA'S GOALS IN NAYANG MODEST.
CHINA'S GREATER FOREIGN POLICY CONCERNS, PARTICULARLY
THE SOVIETS AND THE JAPANESE, ADDITIONALLY RESTRAIN
WHATEVER AMBITIONS CHINA MAY HAVE FOR SOUTHEAST ASIA.
IN THE FORESEEABLE FUTURE, PEKING SIMPLY DOES NOT APPEAR
TO HAVE THE MUSCLE TO MAKE HEADWAY IN ACHIEVING HEGEMONY IN
NAYANG. END SUMMARY.

INTRODUCTION

WE WELCOME THE OPPORTUNITY TO COMMENT ON THE PROVOACTIVE
IDEAS IN AMBASSADOR SULLIVAN'S CABLE ON THE PRC IN
SOUTHEAST ASIA. WITH THE DIPLOMATIC EXCHANGE BETWEEN
MALAYSIA AND THE PRC, THE TIME IS PROPITIOUS FOR AIRING
THE REPERCUSSIONS IN OTHER ASEAN COUNTRIES, AS WELL AS
THOSE STILL OUTSIDE THE ASEAN WOMB. WE APPLAUD MANILA'S
WILLINGNESS TO RAISE SO INTELLECTUALLY FORMIDABLE A PROBLEM,
BUT REGRETTABLY, WE MUST GANG UP WITH HONG KONG IN
DISAGREEING IN LARGE MEASURE WITH THE GENERAL THRUST
OF REFTTEL A. HERewith OUR VERSION OF THE MODERN SOUTHERN
EXPANSION OF THE CHINESE PEOPLE.

1. SINCE WE ARE DEALING PRIMARILY WITH PRC PLANS AND
CAPABILITIES AND NOT AT THIS STAGE WITH OUR OWN POLICIES,
THE MOST IMPORTANT QUESTION IS, "WHAT ARE THE LONG RANGE GOALS
OF CHINA IN SOUTHEAST ASIA?" THREE CONSIDERATIONS IMMEDIATELY
COME TO MIND: WHAT DEGREE OF ACCORD IS THERE IN PEKING AS TO
MINIMUM ACCEPTABLE GOALS IN NANYANG; HOW DO THE CHINESE VIEW
THEIR MIX OF ASSETS AND LIABILITIES IN THE REGION; AND
LASTLY, HOW WILL OTHER FOREIGN POLICY CONSIDERATIONS, NOT
NECESSARILY INTERNAL TO NANYANG, AFFECT CHINA'S FREEDOM OF
ACTION IN THE REGION?

2. THESE CONSIDERATIONS ARISE FROM LOOKING AT CHINA'S AIMS
IN NANYANG FROM A PRACTICAL POINT OF VIEW. THERE IS A SCHOOL
OF THOUGHT THAT HOLDS THAT THE OBJECTIVES OF MODERN CHINA
ARE NOT APPRECIABLY DIFFERENT FROM THOSE OF ITS IMPERIAL
PREDECESSOR, AND THAT WE THUS CAN EXPECT CHINA TO SEEK HEGEMONY
OVER NEIGHBORING STATES AND TO TRY TO REDUCE THEM TO LITTLE

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MORE THAN VASSALS. ADMITTEDLY, IN AN ABSTRACT, AND FROM
PEKING'S POINT OF VIEW, IDEAL SITUATION WHERE THE CHINESE
ARE DEALING IN A POLITICAL VACUUM, WE COULD PERHAPS EXPECT
THIS PARALLEL. FURTHER, SINCE PEKING, HAVING RELATIVELY
LITTLE INFLUENCE IN A REGION OF GREAT IMPORTANCE TO IT,
WISHES TO INCREASE THAT INFLUENCE, IT WOULD BE SAID TO
TEND TOWARD HEGEMONY. THE QUESTION THEN WOULD SEEM TO
BE HOW FAR ALONG THIS LINE PEKING WISHES TO GO, AND

PRACTICALLY HOW FAR COULD IT GO? WE BELIEVE PEKING'S
OPTIONS ARE QUITE LIMITED IN THIS REGARD.

BI-PARTISAN FOREIGN POLICY IN PEKING?

3. THERE ARE CERTAINLY SOME COMMONLY ACCEPTED MINIMUM GOALS
OF PRC POLICY IN SOUTHEAST ASIA WHICH ALL THE POLITICAL
FACTIONS IN PEKING CAN SUBSCRIBE. BUT GIVEN WHAT WE NOW
KNOW OF THE SOMEWHAT DIVERGENT PHILOSOPHIES ON FOREIGN
POLICY AMONG THESE FACTIONS, THESE GOALS MUST BE GENERALIZED.
THE POTENTIAL FOR DISAGREEMENT RUNS THE GAMUT FROM THOSE
PROFESSING BELIEF IN VIOLENT ONE-STAGE REVOLUTIONS TO
OTHERS WHO -- LIKE SOME OF THE SIGNERS OF THE 1971 KUALA
LUMPUR DECLARATION OF SOUTHEAST ASIAN NEUTRALITY -- AT LEAST
PAY LIP SERVICE TO THE BENEFITS OF A NEUTRAL, STABLE SOUTH-
EAST ASIA, FREE FROM ALL OVER-POWERING OUTSIDE INFLUENCES.

4. WE WOULD HAZARD THAT THE CHINESE COULD REACH CONSENSUS
ON THE NEED, AMONG OTHER THINGS, TO- A) ACHIEVE AT LEAST
THE ABILITY TO COUNTERBALANCE ANY FURTHER GROWTH OF SOVIET
INFLUENCE; B) ISOLATE TAIWAN FROM ONE OF THE FEW REMAINING
AREAS WHERE THE ROC EXERCISES DIPLOMATIC INFLUENCE; C)
RECTIFY A SITUATION WHEREIN CHINA FINDS ITSELF WITH LITTLE REAL
DIPLOMATIC POWER OF PERSUASION IN NEIGHBORING COUNTRIES WHICH
ARE OF ECONOMIC, POLITICAL, AND MILITARY SIGNIFICANCE TO
IT; D) EXERCISE GREATER INFLUENCE OVER ETHNIC CHINESE
POPULATIONS WHICH MIGHT EITHER NEED PROTECTION OR DESERVE WATCHING
FOR THE POTENTIAL TROUBLE THEY COULD CAUSE ON THE MAINLAND OF
CHINA; E) PREVENT OR COUNTER-BALANCE THE TOO RAPID GROWTH
OF JAPANESE POLITICAL, ECONOMIC, AND EVENTUAL MILITARY
INFLUENCE; F) FORESTALL THE UNITED STATES FROM REGAINING
ITS PREDOMINANT EXTERNAL INFLUENCE OF THE 60S IN THE EVENT
RELATIONS BETWEEN THE TWO COUNTRIES SHOULD TAKE A TURN FOR
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THE WORSE IN THE FUTURE; G) ACHIEVE SOME "REAL POLITIK"
FLEXIBILITY VIS-A-VIS HANOI IN THE REGION.

5. WE MAY BE CITING THE OBVIOUS, BUT CHINESE
INTERNAL POLITICS ARE HIGHLY DYNAMIC. ONE CAN EXPECT PERIODIC
JOCKEYING OF THE BASIC, ACCEPTED GOALS AS ONE FACTION OR
ANOTHER BOUNCES TO THE FORE. ONE SEMANTIC PROBLEM HAS
CAUSED US CONCERN THROUGHOUT THE DISCUSSION. WE MUCH PREFER
IN THE FINAL ANALYSIS TO CHARACTERIZE CHINA'S AIMS, TO
BORROW PROFESSOR DIXIE WALKER'S PHRASE, AS THE ACHIEVING
OF "SUASION" RATHER THAN HEGEMONY. IN OUR OPINION THIS
NOUN BEST CHARACTERIZES THE MOST LIKELY POLICY ON SOUTHEAST ASIA
WHICH WILL COME OUT OF PEKING IN THE NEXT FEW YEARS.

ASSETS AND LIABILITIES

6. THE MIX OF ASSETS AND LIABILITIES PUT FORTH IN AMBASSADOR SULLIVAN'S CABLE IS QUITE COMPREHENSIVE. ALMOST EVERY FACTOR NOTED, HOWEVER, HAS THE POTENTIAL TO CUT BOTH WAYS. PERHPAS MOST OBVIOUS IN THIS RESPECT ARE THE OVERSEAS CHINESE. AS AMBASSADOR SULLIVAN NOTED, THEY ARE BOTH A POWERFUL POLITICO-ECONOMIC INFLUENCE GROUP, AND A MINORITY THAT BOTH HOST PEOPLES AND GOVERNMENTS RESENT, FEAR, AND SUSPECT. IN ADDITION, THEY ARE ALSO EXPERTS AT SURVIVAL. WHILE THEY CAN BE QUITE CLANNISH AS IN THE CASE OF THE CHAO CHOU IN THAILAND, THEY ARE BY NO MEANS A MONOLITHIC FORCE. IF IT APPEARED THAT A CHINESE GOVERNMENT COULD GUARANTEE PROTECTION FOR THESE COMMUNITIES, THEY CONCEIVABLY MIGHT RALLY IN SUFFICIENT NUMBERS TO CONSITITUTE A POWERFUL FORCE FOR CHINESE SUASION IN NANYANG. BUT WE DOUBT THAT THIS WILL BE THE CASE, AT LEAST IN THE FORESEEABLE FUTURE. THE OVERSEAS CHINESE CAN BE EXPECTED TO BE CAUTIOUS AND CIRCUMSPECT IN POLITICAL CONDUCT AS IT RELATES TO PEKING POLICY IN THE REGION, AND AS A CONSEQUENCE ARE LIKLY TO REMAIN A POTENTIALLY POWER BUT FACTINALIZED GROUP.

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AMEMBASSY MOSCOW
USLO PEKING
AMCONSUL HONG KONG
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CINCPAC FOR POLAD

7. AS CHINA'S INFLUENCE INCREASES, THE HOSTS OF THE "HUA CHIAO" WILL PROBABLY BECOME INCREASINGLY SUSPICIOUS OF THEM REGARDLESS OF WHETHER THE "HUA CHIAO" ARE AN IMPORTANT FACTOR IN THE INCREASE. THE LOCAL CHINESE COULD THUS BE A LIABILITY FOR PEKING IN THE AREA. THERE IS LITTLE ARGUMENT, HOWEVER, TO BE MADE AGAINST THE PROPOSITION THAT THE OVERSEAS CHINESE COMMUNITIES WILL CONTINUE AS IN THE PAST TO PROVIDE THE MILIEU FOR THE SPREAD OF A HIGHLY ATTRACTIVE AND ENTICING CULTURE, AND ALSO TO PROVIDE PEKING WITH A USEFUL CHANNEL OF INFORMATION ON THEIR HOME COUNTRIES.

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8. ONE FACTOR WHICH WE FEEL OF INTEREST BUT WHICH SEEMS STILL AMBIVALENT IS HOW PEKING REALLY VIEWS THE "HUA CHIAO" THEMSELVES. THEY REPRESENT SOME OF THE CONSERVATIVE ECONOMIC CHARACTERISTICS THAT MAOIST CHINA MUST ABHOR. WORSE, FROM PEKING'S POINT OF VIEW, THEY ARE APOLITICAL OPPORTUNISTS. ANY ATTEMPT AT ORGANIZING THEM, AND RAISING THEIR ETHNIC AND CULTURAL FEELING OF IDENTITY, OR CHAUVINISM, TO A POLITICALLY USEFUL LEVEL WOULD BE FRAUGHT WITH DIFFICULTIES. CERTAINLY LEE KUAN YEW MIGHT SERVE AS A USEFUL REMINDER THAT ETHNIC AND CULTURAL AFFINITIES DON'T NECESSARILY WORK TO MAINLAND CHINA'S BENEFIT. IN THIS RESPECT IT SHOULD BE NOTED THAT THE OVERSEAS CHINESE COMMUNITIES ARE ECLECTIC HOTBEDS WHICH HAVE IN THE PAST CAUSED MUCH GRIEF TO THE PREVAILING IDEOLOGY ON THE MAINLAND. PEKING IS WELL AWARE OF THIS PROBLEM, AND HAS TO DATE DEMONSTRATED AT LEAST AS MUCH DISTRUST AND DISLIKE FOR THESE GROUPS AS IT HAS MOTHER LOVE AND SENSE OF RESPONSIBILITY.

9. PEKING'S ECONOMIC INFLUENCE IS ANOTHER ASSET CUM LIABILITY. WITH THE POSSIBLE EXCEPTION OF PETROLEUM WHICH MIGHT FIGURE IN SOME BARTER AGREEMENTS, WE DON'T SEE THE POTENTIAL FOR A MASSIVE INCREASE IN TRADE. THE ECONOMIES OF CHINA AND NANYANG ARE NOT COMPLEMENTARY. CHINA IS BUYING LARGE AMOUNTS OF GRAIN AND ADVANCED TECHNOLOGY; NANYANG EXPORTS LITTLE OF EITHER. THERE IS ALREADY A BRISK TRADE IN CHINESE FOODSTUFFS AND MEDICINES WHICH ARE ESSENTIALLY SPECIALTY ITEMS FOR THE OVERSEAS CHINESE COMMUNITIES, BUT IN A REGION ALREADY PLAUGED WITH BALANCE OF TRADE AND PAYMENTS PROBLEMS THERE

WOULD NOT SEEM TO BE A MARGIN FOR LARGE INCREASES IN CHINESE EXPORTS. ON THE CONTRARY, THE RECENT CANTON TRADE FAIR SHOWED THAT CHINA MAY BE HAVING SOME DIFFICULTY IN MAINTAINING PREVIOUS LEVELS OF EXPORTS IN LOW COST MANUFACTURED WARES, AND POSSIBLY IS EXPERIENCING SOME DIFFICULTY IN INCREASING PRODUCTION FOR DOMESTIC CONSUMPTION.

10. ONE SHOULD NOT RULE OUT THE OPTION THAT THE CHINESE HAVE EXERCISED BEFORE: TO DEPRIVE THE DOMESTIC MARKET AND ALTER EXPORT PRIORITIES IN ORDER TO GAIN POLITICAL ADVANTAGE FROM TRADE. BUT THE PRESSING NEED FOR HARD CURRENCY TO BUY TECHNOLOGY, AND LAST YEAR'S APPROXIMATELY \$500 MILLION TRADE DEFICIT, SEVERELY LIMIT THEIR MANEUVERING ROOM IN
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THIS RESPECT. THIS IS A SIGNIFICANT CHANGE FROM THE DAYS WHEN THEY USED SUCH TACTICS AS FLOODING A MARKET WITH CHEAP CONSUMER GOODS. FINALLY, THERE IS JAPAN WHICH IS CLEARLY A MORE NATURAL TRADING PARTNER FOR THE ECONOMIES OF BOTH CHINA AND NANYANG. WE EXPECT THAT IN SPITE OF THE POSSIBLE DESIRE OF CHINA AND SOUTHEAST ASIAN COUNTRIES TO REDUCE IT, JAPANESE ECONOMIC INFLUENCE IN NANYANG WILL CONTINUE TO BE THE MAJOR ECONOMIC FACTOR THERE FOR THE FORESEEABLE FUTURE.

11. AS A DEVELOPMENT MODEL CHINA OFFERS SOME LIMITED ATTRACTIVE FOR MANY INDIVIDUAL COUNTRIES SUCH AS THAILAND. THE RECENT THAI/CHINESE SPORTS EXCHANGES HAVE UNCOVERED IN THAILAND MUCH CURIOSITY ABOUT "THE WAY THINGS ARE IN CHINA". MANY INFLUENTIAL PEOPLE IN THE THAI AND LOCAL CHINESE COMMUNITIES ARE STILL RIDING A WAVE OF EUPHORIA AND HAVE YET TO COME DOWN TO THE HARD WORK OF CLOSELY EXAMINING THIS DEVELOPMENT MODEL IN DETAIL. THEIR NEAR TERM CONCLUSIONS MAY LARGELY DEPEND ON HOW CHINA HANDLES ITS OWN CURRENT DOMESTIC POLITICAL SITUATION AND HOW THAT SITUATION AFFECTS THE CHINESE ECONOMY.

12. MANY THAI WHO RECENTLY VISITED CHINA AS MEMBERS OF VARIOUS DELEGATIONS HAVE COMMENTED THAT THAILAND IS IN A FORTUNATE POSITION TO HAVE THE MANEUVER ROOM TO CHOOSE FROM THE MAOIST MODEL WHAT IT CONSIDERS GOOD, AND REJECT THE LESS DESIRABLE ASPECTS. THERE SEEMS TO BE A CLEAR UNDERSTANDING THAT WHAT NANYANG NEEDS IN A NANYANG MODEL AND NOT A CHINESE, JAPANESE, OR AMERICAN MODEL. AT THE RISK OF LAPSING TOO FAR INTO THE PHILOSOPHICAL, WE WOULD VENTURE THAT REGIONALISM AND NATIONALISM ARE STRONG ENOUGH TO DESIRE A LOCAL MODEL SPECIFICALLY DESIGNED OR FORMULATED TO REFLECT AND DEAL WITH SOUTHEAST ASIAN IDIOSYNCRASIES. AGAIN, SINGAPORE MAY BE INSTRUCTIVE IN THIS RESPECT.

13. REGIONAL UNITY SEEMS TO US PERHAPS THE GREATEST SWING QUESTION. EXCEPTING JAPAN, ORGANIZATIONS SUCH AS ASEAN PROBABLY REPRESENT THE ONLY TYPE OF FORCE WITH THE LONG RANGE STAYING POWER TO COUNTER CHINESE INFLUENCE WITHIN THE REGION. ONLY TIME WILL TELL WHETHER ASEAN'S MEMBERS
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CAN WORK TOGETHER OVER THE LONG TERM. PERHAPS THE GREATEST UNIFYING FACTOR COULD BE PERCEIVED NEED FOR PROTECTIVE UNITY. LEFT ALONE BY OUTSIDE POWERS, THE COUNTRIES OF THE REGION COULD WELL FALL VICTIM TO BICKERING AND TRADITIONAL FEUDING. ON THE OTHER HAND, IF IT WERE CLEAR THAT CHINA WAS ITSELF PURSUING A POLICY PROMOTING "BALKANIZATION", THE REVERSE EFFECT COULD BE FOSTERED. OUTSIDE FACTORS AFFECTING POLICY IN SEA

14. IT IS DIFFICULT TO TELL WHAT PRIORITY CHINESE FOREIGN POLICY ASSIGNS TO SOUTHEAST ASIA. WITH ENEMIES LIKE THE SOVIET UNION AND "FRIENDS" LIKE THE JAPANESE, THIS IS ONLY AS IT SHOULD BE. THE EXCLUSION OF SOVIET INFLUENCE FROM THE AREA MAY BE A MAJOR CONSIDERATION, PARTICULARLY IF PEKING JUDGES THAT MOSCOW IS PURSUING AN ENCIRCLEMENT STRATEGY. THE PRC WILL ALSO SEEK TO COUNTER ANY SOVIET EFFORT TO SUBSTANTIALLY INCREASE ASCENDENCY. PEKING'S PRIORITIES, GOALS, AND MODUS OPERANDI IN THIS REGION DO NOT SEEM TO BE SET IN IDEOLOGICAL CONCRETE. CHINESE POLICY IN SOUTHEAST ASIA WILL NOT OPERATE IN A VACUUM SEPARATED FROM OTHER AREAS, SUCH AS THE USSURI RIVER. CHINA IS NOT FREE TO DO WHAT IS MOST ADVANTAGEOUS FOR A STRICTLY REGIONAL POLICY.

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AMCONSUL HONG KONG
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15. JAPAN IS A DIFFERENT CASE. THERE ARE A NUMBER OF POTENTIAL SCENARIOS IN WHICH CHINA COULD PERCEIVE THE JAPANESE TO BE A SECURITY THREAT. DIFFICULTIES COULD ARISE BETWEEN THE TWO AS A RESULT OF COMPETITION WITHIN NANYANG. THIS RIVALRY WOULD LOGICALLY RESULTS IN A CHINESE POLICY MODERATED TO SUIT THE NEEDS OF THAT COMPETITION AND THEREFORE OFFERING SOUTHEAST ASIAN COUNTRIES SOME OPPORTUNITY TO PLAY ONE OFF AGAINST ANOTHER. CONTINUED TIES WITH COUNTRIES OUSIDE THE REGION WOULD IN FACT SEEM TO OFFER THE COUNTRIES OF NANYANG THE MOST MANEUVER ROOM. SINCE CHINA WILL BE PREPARED TO ALTER ITS SEA POLICY TO ACCOMMODATE TO NEEDS ELSEWHERE, IT WOULD BEHOVE THE COUNTRIES IN THE REGION
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TO MAINTAIN AND STRENGTHEN TIES TO THE REST OF THE WORLD. THIS SITUATION MAY OFFER THE REGION ITS BEST HOPE FOR COUNTER-BALANCING THE GRAVITATIONAL ATTRACTION OF ITS MASSIVE NORTHERN NEIGHBOR, AND IN THE COURSE COUNTERING ANY UNDUE PRETENSION TO HEGEMONY THAT MAY BE LURKING IN PEKING.

16. TURNING TO HOW THE CHINESE MIGHT TRY TO ACHIEVE THEIR AIMS IN THIS REGION, WE SEE THE RECENT ESTABLISHMENT OF RELATIONS BETWEEN MALAYSIA AND THE PRC PRINCIPALLY AS BEING A LOGICAL "NEXT STEP" IN A CONTINUING PEKING POLICY OF IMPROVING STATE TO STATE RELATIONS. WHILE THE

CURRENT POLITICAL MOVEMENT IN CHINA IS CERTAINLY COMING DOWN HARD ON THE REMNANTS OF THOSE WHO FEEL THE CLASS STRUGGLE IS OVER AND FINISHED, IT WOULD ALSO SEEM THAT CHINA HAS OPTED FOR A LONG-RANGE FOREIGN POLICY WHICH WILL EMPHASIZE STATE TO STATE RELATIONS AND SOME DE-EMPHASIS OF SUPPORT TO REVOLUTIONARY MOVEMENTS. AS LONG AS THE CONFLICT WITH THE SOVIET UNION CONTINUINUES, PEKING WILL BE FORCED TO MAKE ACCOMMODATIONS. THE LINKAGE ESTABLISHED IN MAKING THESE ACCOMMODATIONS WILL FURTHER INVOLVE THE CHINESE IN CONDUCTING INTERNATATION BUSINESS WITHIN SOME REASONABLY CORRECT FRAMEWORK OF LEGALITY.

17. A RADICAL CHANGE IN INTENRAL POLITICAL FORTUNES FAVORING THE EXTREME LEFT OR A CESSATION OF THE CONFLICT WITH THE SOVIET UNION COULD WELL MAKE FOR A NEW CHINESE APPROACH TO NANYANG, BUT OTHERWISE WE EXPECT THAT THE CHINESE WILL GRADUALLY BECOME MORE ENMESHED IN THE PRACTICE OF CONDUCTING INTERNATIONAL RELATIONS IN MORE CONVENTIONAL MODES.

18. IN THE NEAR TERM WE SEE ONLY ONE MAJOR CATCH. IN DEALING WITH THE CONFUSED QUESTION OF SUPPORT FOR INSURGENCIES, THE DIRECT INVOLVEMENT IN BURMA VERSUS THE SUPPORT THAT THE CHINESE PROVIDE TO THAILAND AND MALAYSIA SEEM IN EXTRA-ORDINARY CONTRAST. CHINESE REASONS FOR THEIR ACTIONS NEED NOT BE THE SAME FOR ALL COUNTRIES CONCERNED. IN THE CASE OF THAILAND AND MALAYSIA, SOME REASONABLE ARGUMENT CAN BE MADE IN EXPLANATON: BUREACRATIC INERTIA FROM PREVIOUS DAYS OF HEIGHTENED HOSTILITY, CHOU EN-LAI'S UNWILLINGNESS TO
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PROVOKE THE EXTRME LEFTISTS, COUNTERING SIMILAR ONGOING ACTIVITIES LIKE THE REPUBLIC OF CHINA'S INTELLIGNECE BUREAU OF THE MINISTRY OF NATIONAL DEFENSE (IBMND), OR TAPERING OFF LONG TERM ASSOCIATIONS AS IN MALAYSIA. WE DO NOT PRETEND TO UNDERSTAND THE EXIGENCIES WHICH FOSTER THE CONTINUATION OF A HIGHLY MILITANT PRC POLICY IN NOTERHN BURMA, BUT WOULD POSE AS A HYPOTHESIS THAT ONE FACTOR HAS TO DO WITH THE MOVE OF SOVIET INFLUENCE ACROSS SOUTH ASIA. THERE HAS BEEN SOME COMMENT ON THE POSSIBILITY THAT THE SOVIETS AND THE CHINESE WOULD ENGAGE IN A SERIES OF "PROXY WARS" AS CHINESE NUCLEAR DETERRENCE GREW. IF THE CHINESE ARE IN FACT SEEKING TO IMMUNIZE ANY PLACE AGAINST SOVIET ENCROACHMENT, PERHAPS BURMA IS THE TEST CASE. IT MAY SEEM TO US LIKE A STRANGE MANNER IN WHICH TO ACCOMPLISH THIS GOAL, BUT THEN WHAT IS IMPORTANT IS HOW PEKING PERCEIVES ITS OWN MIX OF ASSETS AND LIABILITIES WITH REGARD TO BURMA, PARTICULARLY IN CONTEST WITH MOSCOW.

19. IN THE FINAL ANALYSIS THE CHINESE PROBABLY HAVE

DIFFERENT GOALS OR PRIORITIES IN EACH OF THE NANYANG COUNTRIES. ISOLATION OF TAIWAN COULD BE MOST IMPORTANT IN THAILAND OR THE PHILIPPINES, COUNTERING THE SOVIETS MOST IMPORTANT IN BURMA, AND CONCERN AT JAPANESE ECONOMIC EXPANSION IN INDONESIA. SINGLEMINDEDNESS IS NOT "DE RIGEUR".

20. WE LOOK FORWARD TO A FOLLOW-UP DISCUSSION, AS REFTEL A PROMISED, THAT WILL DEAL WITH HOW THESE CHINESE AIMS AND METHODS AFFECT OUR OWN POLICIES AND GOALS IN THE REGION. WE FEEL THE CURRENT INTERCHANGE WILL BE OF GREAT OF HELP IN DISCARDING THE CHAFF BEFORE THE NEXT BITE INTO THIS CHINESE DUMPLING.
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